

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 IO-13 NEA-10 SP-02 USIA-06 AID-05

EB-07 NSC-05 CIEP-01 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01 /105 W

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R 130839Z MAY 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4991

INFO AMEMBASSY JAKARTA

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 8/13/76

TAGS: EAID, EFIN, ID

SUBJECT: ADB PROPOSAL TO COMMENCE IMPLEMENTATION -- SOUTH-
WEST SULAWESI TRANSMIGRATION AREA DEVELOPMENT PROJECT
(INDONESIA)

REF: A) 75 MANILA 9263 B) 75 MANILA 10370

SUMMARY: ADB MANAGEMENT PROPOSES, ON NO OBJECTION BASIS,
BOARD APPROVAL FOR CONSULTANTS SELECTED FOR SUBJECT PROJECT
TO BE GIVEN NOTICE TO PROCEED, EVEN THOUGH UNDP FINANCING
ENVISIONED FOR PROJECT IS ONLY PARTIALLY AVAILABLE. ADB
PLANS TO SEEK BOARD APPROVAL SHORTLY FOR TECHNICAL
ASSISTANCE LOAN TO MEET SHORTFALL IN UNDP FUNDING. USADB
DOES NOT PLAN TO OBJECT. END SUMMARY.

2. BOARD OF DIRECTORS ON 29 JULY 1975 APPROVED PROPOSAL
FOR BANK TO SERVE AS EXECUTING AGENCY FOR UNDP TECHNICAL
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ASSISTANCE (TA) FOR SUBJECT PROJECT, WHICH INCLUDES

PREPARATION OF 10-YEAR PLAN FOR DEVELOPMENT IN PROJECT AREA TO SETTLE MIGRANTS, AND ESTABLISHING FEASIBILITY FOR FIRST PHASE INVESTMENT PROJECT.

2. WHEN NOTIFIED 31 JULY 1975 OF UNDP APPROVAL OF PREPARATORY ASSISTANCE BUDGET FOR PROJECT, BANK RECRUITED CONSULTANTS (HUNTING TECHNICAL SERVICES LTD. - UK) AND EXECUTED CONSULTANT CONTRACT 24 OCTOBER 1975.

3. BEFORE CONSULTANT MOBILIZED, HOWEVER, UNDP JAKARTA OFFICE ADVISED BANK OF UNDP SHORT-TERM FINANCIAL DIFFICULTIES; INDICATED UNDP'S INABILITY TO DEFRAID EXPENSES IN 1975 FOR THIS PROJECT. SIMILARLY AFFECTED WAS UNDP-FINANCED BANDUNG URBAN DEVELOPMENT AND SANITATION PROJECT FOR WHICH ADB WAS ALSO TO SERVE AS EXECUTING AGENCY.

4. UNDP LATER ADVISED ADB IT COULD PROVIDE IN 1976 \$205,700 TO PARTIALLY FINANCE SUBJECT PROJECT. (ORIGINAL COST OF TA WAS \$495,600 FOREX TO BE BORNE BY UNDP, AND \$84,940 EQUIVALENT IN LOCAL CURRENCY TO BE MET BY GOI.) PARTIAL AMOUNT AVAILABLE IS SUFFICIENT FOR ADVANCE PAYMENTS TO CONSULTANTS (\$85,700) AND THREE MONTHLY PAYMENTS.

5. GIVEN HIGH PRIORITY GOI ATTACHES TO BOTH PROJECTS, GOVT HAS REQUESTED BANK TO PROVIDE FOREX COSTS. BANK HAS AGREED TO CONSIDER AND IS PREPARING FOR EARLY SUBMISSION TO BOARD, PROPOSALS FOR TA LOANS TO FINANCE BOTH SHORTFALL IN SULAWESI PROJECT AND ENTIRE FOREX COST OF BANDUNG PROJECT.

6. LAST DATE FOR BANK TO GIVE CONSULTANTS NOTICE TO PROCEED ON SULAWESI PROJECT WAS EXTENDED TO 31 MAY 1976. CONSULTANTS SHOULD BEGIN WORK PRIOR TO THAT DATE SINCE GOI HAS COMPLETED PREPARATORY ARRANGEMENTS IN FIELD, AND ANY DELAY BEYOND THAT DATE WOULD ENTAIL SUBSEQUENT RENEGOTIATION OF CONTRACT AT HIGHER COSTS.

7. ACCORDINGLY, MANAGEMENT PROPOSES IF NO DIRECTORS OBJECT BEFORE 17 MAY 1976, TO AUTHORIZE CONSULTANTS TO LIMITED OFFICIAL USE

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BEGIN FIELD WORK (TO BE FINANCED BY AVAILABLE UNDP FUNDS) WITHOUT PREJUDICE TO BOARD'S DECISION RE PROPOSAL TO MAKE TA LOAN FOR BALANCE OF PROJECT COST. BANK MAY CANCEL CONSULTANT CONTRACT ANY TIME WITH 30 DAYS NOTICE. USADB DOES NOT INTEND TO OBJECT.
SULLIVAN

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Message Attributes

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Margaret P. Grafeld
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